

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 0848-13  
Bill No.: Truly Agreed to and Finally Passed SS for SCS for HCS for HB 186  
Subject: Counties, Cities: Taxes, Capital Improvements, Economic Development  
Type: Original  
Date: May 23, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Various State Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 20 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

#### **Section 67.1003 - Transient Guest Tax for City of Maryville:**

**Oversight** assumes this section is permissive, and would require voter approval before fiscal impact would be realized. Should a transient guest tax be approved by the voters the City of Maryville would collect an unknown amount of income which would be spent on the promotion of tourism. Oversight assumes costs would not exceed income and will show fiscal impact as zero to the City Tourism Fund.

#### **Section 67.1305 - Economic Development Sales Tax:**

Officials from the **Department of Economic Development** state the bill extends the ability to impose an economic development sales tax to all counties or cities within a county, and should not impact their agency.

Officials from the **Department of Revenue (DOR)** this proposal would not have an impact on their agency. DOR assumes there would be a minor increase in General Revenue from this proposal due to the one percent DOR retains for the cost of collection.

ASSUMPTION (continued)

**Oversight** assumes this proposal is permissive. Voter approval is required before any county or municipal governing body would be authorized to adopt a sales tax for economic development. However, there would be fiscal impact if the governing body would attain such voter approval and additional sales taxes are administered. The fiscal impact would be a positive unknown revenue impact to the state's General Revenue fund from the 1 percent collection fee, as well as the economic development sales taxes collected on behalf of the city or county. Oversight will range this fiscal impact as \$0 to Unknown.

**Section 67.1775, 210.860, and 210.861- Children's Service Fund - Sales Tax:**

Officials with the **Department of Revenue (DOR), Department of Social Services and State Treasurer's Office** assume this proposal would have no fiscal impact on their agencies.

Oversight assumes this proposal stipulates that the Director of Revenue shall administer, collect, and disburse funds collected for the community children's services sales tax that counties are enabled to enact. Oversight further assumes that Jefferson County and St. Charles County have enacted such sales taxes, and that other counties are eligible to do so, pending approval of their voters.

**Sections 67.1922 - 67.1934 Sales Taxes for Water Quality, Tourism, and Infrastructure:**

Officials of the **Department of Revenue - Sales Tax Division** assume no fiscal impact to the department.

**Oversight** assumes that this proposal allows the same counties to impose one or more sales tax with voter approval for the purposes of water quality, infrastructure, or tourism. Current law allows only one sales tax to be imposed for the same purposes. Oversight assumes since the maximum sales tax allowed remains the same at one and one-half percent in the aggregate, there would be no fiscal impact. Oversight assumes this section is permissive and would require action by the governing body with voter approval before fiscal impact would be realized.

**Section 82.850 - Sales Tax on Food for Museum and Tourism in Cities of Independence, and Joplin:**

Officials of the **Department of Revenue** assumes if they were to enter into an agreement to collect the tax, they could handle the additional workload with existing resources.

**Oversight** assumes if the Department of Revenue collects the sales tax, the DOR would retain a

ASSUMPTION (continued)

1% fee for collecting the tax. The amount of money generated by the 1% fee is indeterminable and is unknown. Oversight will show fiscal impact to the State's General Revenue Fund as \$0 to Unknown. The impact would be \$0 if the city would collect it's own sales tax.

Officials of the **City of Independence** stated that a portion of the revenue would be recommended to operate the National Frontier Trails Museum, a facility owned by the State and operated by the City of Independence. The remaining funds would be used for tourism related activities.

Officials estimate that a 2% restaurant tax would generate \$2.6 million annually.

Oversight assumes there would be two trust funds established. The Museum Trust Fund would be used for museum related purposes and the Tourism-Related Trust Fund. All funds would be appropriated by the City Council

**Oversight** assumes that the DOR would levy a 1% collection fee on the sales taxes relating to this proposal. However, such revenues would be offset by increased personnel, systems modification and programming, and other collection costs. Oversight cannot speculate as to how counties will seek and attain voter approvals for this tax, thus, it cannot estimate the amount of sales tax collections generated.

**Section 94.270 License Fees on Hotels and Motels in the City of St. Peters:**

Officials of the **City of St. Peters** stated that the city currently receives an estimated \$400,000 annually from the license fee on hotels and motels. Officials stated this proposal would cause a decrease in revenue of approximately \$396,000 annually.

**Section 94.660 St. Louis City and St. Louis County - Public Transportation Sales Tax:**

**Oversight** assumes this section is permissive and only changes the maximum amount of sales tax that could be voted upon by the voters. Currently the maximum limit is one-half of one percent. This proposal changes the maximum rate to one percent. Oversight assumes this proposal would require voter approval to change the rate of taxation, therefore, **Oversight** assumes no fiscal impact.

ASSUMPTION (continued)

**Section 94.837 Transient Guest Tax - Cities of Canton, La Grange, and Edina:**

**Oversight** assumes these cities with voter approval could impose a transient guest tax that could not exceed 5% per occupied room per night. Oversight assumes no state fiscal impact because the Department of Revenue does not collect guest taxes. Oversight assumes the cities, with voter approval would collect an undetermined amount and would spend an undetermined amount on the promotion of tourism. Oversight assumes that the city would not spend more revenue than the amount received which would result in an annual fund balance of either \$0 or a positive unknown. For purposes of this fiscal note annual fiscal impact will be shown as \$0.

**Section 94.838 - Sales Tax City of Lamar Heights:**

Officials of the **Department of Revenue - Taxation Division** stated that this legislation potentially creates an item tax where a food establishment would have to collect two different rates. Due to the small number of affected businesses, the department could handle the additional workload with existing personnel.

The **City of Lamar Heights** did not respond.

**Oversight** assumes the Department of Revenue would withhold a 1% collection fee for collecting the sales tax on food. Therefore, Oversight will show income to the State's General Revenue Fund as a positive unknown.

**Sections 135.010 and 137.106 - Homestead Exemption Tax Credit**

**In response to identical legislation of this session (fiscal note # 811-07 or SB 338), the following fiscal impact statements were issued:**

Officials with the **State Treasurer's Office** assume this proposal would have no fiscal impact on their agency.

Officials with the **Department of Revenue (DOR)** assume this proposal would require no additional resources that are not currently in place or planned.

**Oversight** assumes this proposal would prohibit taxpayers from concurrently claiming both a circuit breaker tax credit and the homestead property tax exemption. Single claimants age 65 or older, married claimants with one spouse age 65 or older and the other spouse age 60 or older, or

ASSUMPTION (continued)

claimants that are 100% disabled are eligible for either credit provided that they own their home and that their income is below \$25,000 for single claimants or \$27,000 for married claimants filing a combined return.

**Oversight** assumes that as a result of this proposal, taxpayers eligible for both credits would choose the circuit breaker credit and the greater benefit it would most often allow. Thus, state reimbursements to political subdivisions for property tax revenue losses would decrease.

In a fiscal note from the 2004 regular session (2966-13/Truly Agreed To and Finally Passed CCS for HS for HCS for SS for SCS for SB 730), **Oversight** assumed a state reimbursement to political subdivisions for the homestead property tax exemption of \$1.4 million in FY07. Using the same methodologies with an income upper limit of \$25,000 (rather than the \$70,000 limit the homestead exemption allows), the estimated decrease in state reimbursements for property tax revenue losses would be approximately \$570,000 in FY07.

In alternate, non-assessment years (beginning in FY08), the exemption limit for homestead property tax increases would be 2.5%. **Oversight** is unable to speculate the rate at which local political subdivisions will increase their property tax rates in 2007 (FY08), however, it is assumed that rate of state reimbursements to political subdivisions would decrease in non-assessments as would any savings resulting from this proposal.

Note: Homestead property tax exemption reimbursements are subject to appropriation, per Section 137.106, RSMo.

**Oversight** is unable to estimate the fiscal impact of other provisions of this act, such as extending the credit to include property held in trust, creating an exception for disabled accommodations, and lapsing the credit moneys of ineligible recipients into General Revenue. **Oversight** assumes an aggregate negative impact for such provisions that would not exceed the positive impact of disallowing the homestead exemption credit in a year following the year in which the claimant received the property tax credit.

ASSUMPTION (continued)

**Section 137.100 - Exemption of Certain Leased Vehicles from Taxation:**

Officials of the **Department of Revenue - Sales Tax** assume there would be some loss of revenue at the various levels of government. Officials assume in FY 2006 one-half of any loss would be to the Highway Fund and one-half to the General Revenue Fund. Following fiscal years, due to the passage of Amendment 3 all of the loss of revenue would affect the Highway Fund.

**Oversight** assumes there would be some loss of revenue to City and Counties and other local taxing jurisdictions, from the tax exemption. **Oversight** assumes any fiscal impact would be minimal.

**Sections 137.073, 313.800, and 313.820 - Gaming Boat Limits - City of St. Charles:**

**In response to identical legislation (fiscal note # 0880-10, SB 272) the following fiscal impact statements were issued:**

Officials from the **Missouri Gaming Commission** assume the proposal would have no impact on their agency.

These sections appear to limit the application of limiting the amount of admission fee revenue and specifying the amount of revenue that may be utilized for things other than capital improvements to only the Ameristar Casino in St. Charles. According to the Gaming Commission's Annual Reports to the General Assembly, the home dock city of St. Charles reported the following admission fee revenue for the last three fiscal years.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
<b>St. Charles (Ameristar)</b>	<b>\$ 6,159,431</b>	<b>\$9,903,354</b>	<b>\$10,551,002</b>

**Oversight** does not know what percentage of gross revenue that the admission fees represent for the City of St. Charles. However, Oversight assumes the growth in admission fees revenue could be faster than the total of all other revenues realized by St. Charles, which would trigger a reduction in the property tax levy, starting in FY 2008. Oversight assumes this could result in a reduction of income to the City of St. Charles of an unknown amount, starting in FY 2008.

ASSUMPTION (continued)

**Oversight** also assumes the proposal could result in higher costs for St. Charles if they had been utilizing more than thirty percent of the admission fee revenue to pay for items that are not considered “capital, cultural, and special law enforcement purposes.” Therefore, Oversight will assume St. Charles will continue to employ these personnel or fund these maintenance projects, just from funds other than gaming revenues. Therefore, Oversight will assume this part of the proposal could increase costs to the general operating funds of St. Charles. This additional cost would start in FY 2010, which is outside the scope of this fiscal note.

Officials from the **City of St. Charles** as well as **St. Charles County** did not respond to our request for fiscal impact.

**Section 144.044 - Modular Homes - Classification for Tax Purposes:**

Officials with the **Office of Administration – Division of Budget and Planning (BAP)** assume this proposal exempts modular home from sales tax by classifying a portion of the sales price and freight charges as a service. BAP further assumes that it classifies manufacturers of modular homes as contractors. BAP assumes this legislation would have a unknown negative impact on General Revenue from the exemption of sales tax monies, but that it would have no fiscal impact on their agency.

Officials with the **Department of Revenue (DOR)** assume this legislation would create a slight decrease in state revenues, but that the act would have no fiscal impact on DOR.

Officials with **Jasper County and the City of Columbia** assume their governments would see a decrease in sales tax revenues as a result of this proposal.

Officials with the **City of Independence and the City of Springfield** assume this legislation would have no significant fiscal impact on their governmental bodies.

**Oversight** does not have sufficient data related to sales of new modular housing units in Missouri as defined in Section 700.010, RSMo, therefore **Oversight** assumes an unknown loss of states revenues (expected to exceed \$100,000) and an unknown loss of local revenues as a result of this act.



ASSUMPTION (continued)

**Sections 184.352, 184.353 and 184.357 Metropolitan Zoological Park and Museum Sub-District and African American History Museum and Cultural Sub-District:**

Officials of the **City of St. Louis** stated that this proposal would have no fiscal impact on the City.

**Oversight** assumes this is enabling legislation and would have no fiscal impact, unless the board of directors of the Metropolitan Zoological Park and Museum District would seek voter approval to increase the tax rate of up to four cents per one hundred dollars of assessed valuation for the operation of an African American History Museum and Cultural Sub-District.

**Oversight** assumes that this proposal as written does not mandate the museum district to place before the voters the question of increasing the tax rate, that act is discretionary, nor does this proposal mandate an increase in the tax rate. Therefore, Oversight assumes these sections would have no fiscal impact.

**Oversight** will show fiscal impact as \$0 if the tax increase were placed on the ballot and were defeated, or if it were never placed on the ballot, to Unknown revenue if the question were placed on the ballot and passed by the voters of the district. Oversight assumes if the tax increase were passed there is no way to determine the amount of revenue that would be generated by the tax.

**Section 1 - Madison County Sales Tax - Recreation:**

**Oversight** assumes this proposal is permissive and would require action by the County's governing body, and with voter approval.

**Oversight** assumes if the voters were to approve by vote, a sales tax that could not exceed 1%, the State Department of Revenue would collect the tax and would retain a 1% collection fee, which would be deposited in the State's General Revenue Fund. The amount of revenue generated from the collection fee is indeterminable and unknown.

The county would receive an unknown amount of revenue from the sales tax, and would have unknown costs of providing recreational projects. **Oversight** assumes the county would not spend more than it receives annually, which would result in a recreational fund balance of either \$0 or a positive unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
<b>GENERAL REVENUE FUND</b>			
<b><u>Income to DOR</u></b> 1% collection fee (Section 94.838)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b><u>Income to DOR</u></b> 1% collection fee for economic development sales tax (Section 67.1305)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b><u>Income to DOR</u></b> 1% collection fee (Section 67.1922)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b><u>Income to DOR</u></b> 1% collection fee (Section 82.850)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b><u>Income to DOR</u></b> from 1% collection fee (Section 1)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b><u>Income – DOR</u></b> 1% Collection Fees (Section 67.1775)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b><u>Savings</u></b> – Homestead Property Tax Exemptions (Sections 135.010 and 137.106)	\$0	\$0 to \$570,000	\$0 to \$570,000
<b><u>Cost</u></b> – DOR Expenses Related To Sales Tax Collections (Section 67.1775)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b><u>Loss</u></b> – Sales Tax Exemption (Sections 137.100 and 144.044)	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
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**OTHER STATE FUNDS**

**Loss** – Various State Funds

Sales Tax Exemption (sections 137.100 and 144.044)	(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED NET EFFECT ON  
OTHER STATE FUNDS**

<u>(Unknown)*</u>	<u>(Unknown)*</u>	<u>(Unknown)*</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006	FY 2007	FY 2008
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**CITY OF LAMAR HEIGHTS  
CAPITAL IMPROVEMENTS TRUST  
FUND (Section 94.838)**

**Income** to Capital Improvements Trust  
Fund

from voter approved sales tax on food, and transient guest tax on lodging.	Unknown	Unknown	Unknown
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**Cost** to Capital Improvements Trust  
Fund

from funding capital improvement projects	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT TO  
CAPITAL IMPROVEMENTS TRUST  
FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**FISCAL IMPACT - Local Government**                      FY 2006                      FY 2007                      FY 2008

**CITY OF MARYVILLE TOURISM  
 TRUST FUND (Section 67.1003)**

**Income** to City of Maryville Tourism  
 Fund

From transient guest tax.	Unknown	Unknown	Unknown
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**Cost** to City of Maryville Tourism Fund  
 From promotion of tourism.

(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED NET EFFECT TO  
 CITY OF MARYVILLE TOURISM  
 TRUST FUND. (Section 67.1003)**

<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
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**LOCAL POLITICAL  
 SUBDIVISIONS (Section 67.1305)**

**Income** - Economic Development sales  
 tax collections

<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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**Estimated Net Effect to Local Political  
 Subdivisions (Section 67.1305)\***

<u><b>\$0 to Unknown</b></u>	<u><b>\$0 to Unknown</b></u>	<u><b>\$0 to Unknown</b></u>
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**CITY OF INDEPENDENCE**

**Income** to Museum Trust Fund  
 from sale tax- appropriation

Unknown	Unknown	Unknown
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**Cost** to Museum Trust Fund  
 museum related activities

(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED NET EFFECT TO  
 MUSEUM TRUST FUND \*  
 (Section 82.850)**

<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006	FY 2007	FY 2008
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**TOURISM-RELATED TRUST FUND**

<b><u>Income</u></b> to Tourism-Related Trust Fund from sales tax appropriation	Unknown	Unknown	Unknown
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<b><u>Cost</u></b> to Tourism-Related Trust Fund providing tourism related activities	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT TO TOURISM-RELATED TRUST FUND* (Section 82.850)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**POLITICAL SUBDIVISIONS**

<b><u>Savings</u></b> – Reduced Tax Collection Costs (Section 67.1775)	Unknown	Unknown	Unknown
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<b><u>Loss</u></b> – Cities and Counties and Taxing Jurisdictions. Sales Tax Exemption (Sec. 137.100 and 144.044) *	(Unknown)*	(Unknown)*	(Unknown)*
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<b>ESTIMATED NET EFFECT TO POLITICAL SUBDIVISIONS (Sections 67.1775, 137.100 and 144.044)*</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>
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**\* Loss expected to exceed \$100,000  
annually.**

**CITY OF ST. PETERS**

<b><u>Loss of Revenue</u></b> to City of St. Peters From reduction of license fee. (section 94.270)	<u>(\$396,000)</u>	<u>(\$396,000)</u>	<u>(\$396,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006	FY 2007	FY 2008
<b>ESTIMATED NET EFFECT TO CITY OF ST. PETERS</b>	<b><u>(\$396,000)</u></b>	<b><u>(\$396,000)</u></b>	<b><u>(\$396,000)</u></b>
<b>CITIES OF CANTON, LA GRANGE, AND EDINA TOURISM FUND</b>			
<b><u>Income</u> to City Tourism Fund (Section 94.837)</b>			
From transient guest tax	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b><u>Cost</u> to City Tourism Fund From promotion of tourism (Section 94.837)</b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>
<b>ESTIMATED NET EFFECT TO CERTAIN CITIES TOURISM FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>CITY OF ST. CHARLES GAMING REVENUE (Sections 137.073, 313.800, and 313.820)</b>			
<b><u>Loss</u> - reduced revenue from rolled back tax levies</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 to (Unknown)</u></b>
<b>ESTIMATED NET EFFECT TO CITY OF ST. CHARLES</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 to (Unknown)</u></b>
<b>METROPOLITAN ZOOLOGICAL PARK SUB-DISTRICT (Sections 184.352, 184.353 and 184.357)</b>			
<b><u>Income</u> to Mo. History Museum Sub- district from voter approved tax increase and admittance fees.</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

**FISCAL IMPACT - Local Government**                      FY 2006                      FY 2007                      FY 2008

<b><u>Cost</u></b> to Mo. History Museum Sub-district from supporting the sub-district, and African American Museum.	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)
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<b>ESTIMATED NET EFFECT TO ZOOLOGICAL PARK SUB- DISTRICT (Section 184.352 etal.)*</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
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**MADISON COUNTY RECREATION  
TRUST FUND (Section 1)**

<b><u>Income</u></b> to Recreation Trust Fund From voter approved sales tax (section 1)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<b><u>Cost</u></b> to Recreation Trust Fund From providing recreation projects and programs. (section 1)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)
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<b>ESTIMATED NET EFFECT TO MADISON COUNTY RECREATION TRUST FUND (section 1)</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
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<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENT</b>	<u><b>Unknown to</b></u> (Unknown)	<u><b>Unknown to</b></u> (Unknown)	<u><b>Unknown to</b></u> (Unknown)
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**\* Oversight assumes annual cost would not exceed income, which would result in a \$0 or positive unknown fund balance. For purposes of this fiscal note Oversight will show annual fiscal impact as \$0.**

**FISCAL IMPACT - Small Business**

Small businesses located within the City of Lamar Heights that are in the food business or lodging business would be expected to collect an additional tax on food items and hotel/motel rooms as defined by this proposal. (Section 94.838)

Food establishments located within the sales tax district would be expected to collect and account for all sales tax. (Section 82.850), (Section 67.1922),

### FISCAL IMPACT - Small Business (continued)

Small businesses that construct or sell modular units could possibly see an increase in consumer demand for the product as a result of this tax exemption.

### DESCRIPTION

This bill changes the laws regarding local government. In its main provisions, the bill:

- (1) Requires moneys received or collected to fund additional costs incurred by any county office to be reviewed by the county budget officer when he or she is formulating the annual budget and is to be used solely for the purposes outlined for each fund (Section 67.055, RSMo);
- (2) Specifies that an improvement cost, assessed by a reasonable assessment plan in a neighborhood improvement district determined by a governing body may include, in the case of condo or equitable owner association ownership, a determination that all units are equally benefitted (Section 67.459);
- (3) Authorizes the City of Maryville to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms (Section 67.1003);
- (4) Changes the definition of "agency" to include any entity which provides any service related to homeless persons, rather than just housing-related assistance; eliminates the provisions requiring the inclusion of evidence that an agency is a nonprofit corporation when applying for funds to help provide homeless people with services; and changes requirements for agencies to qualify for funds (Sections 67.1062, 67.1067, 67.1069, and 67.1070);
- (5) Authorizes a lien on property against the real and personal property of a business when any tax, interest, or penalty imposed under the County Convention and Sports Facilities Authority in St. Charles County becomes delinquent. Provisions to release the lien are provided (Section 67.1159);
- (6) Authorizes all municipalities and counties to impose, upon voter approval, a local economic development sales tax not to exceed 0.5% (Section 67.1305);
- (7) Revises the laws regarding certain counties with significant lake shoreline, upon voter approval, to authorize the imposition of one or more retail sales taxes not to exceed 1.5% in the aggregate for the purpose of affecting water quality, infrastructure, or tourism, singularly or in any combination.



DESCRIPTION (continued)

Currently, they are authorized to impose a single retail sales tax not to exceed 1.5% (Sections 67.1922 and 67.1934);

(8) Allows cities, in addition to counties, to levy a sales tax, upon voter approval, for the purpose of providing services described in Section 210.861 including counseling, family support, and temporary residential services to persons 19 years of age or younger. The bill modifies some of the ballot language to allow for the lawful collection of the revenues derived from the local sales tax. All revenues collected under the local sales tax, less 1% for the cost of collection, will be deposited into the General Revenue Fund and then transferred to the newly created Community Children's Services Fund (Sections 67.1775, 210.860, and 210.861);

(9) Allows for an imposition of property tax of 25 cents on each \$100 of assessed valuation on taxable property for services for the purpose of providing counseling, family support, and temporary residential services to persons 18 years of age or younger and those services described in Section 210.861.

Currently, this section provides for the same 25-cent property tax to be levied for the purpose of providing counseling, family support, and temporary residential services to persons 18 years of age or younger. Revenues derived from the tax will be deposited into the county treasury to the credit of the Community Children's Services Fund to provide funds for counseling and related services to children and youth in the county which will promote healthy lifestyles among children and youth and strengthen families (Sections 67.1775, 210.860, and 210.861);

(10) Restructures the board of directors for the tourism districts and recalculates the dispersion of sales taxes in the districts (Sections 67.1956, 67.1959, 67.1968, and 67.1979);

(11) Authorizes the City of Independence, upon voter approval, to impose a sales tax in increments of one-eighth of 1% up to a maximum of 2% on all retail sales of food within the city to be used for museums and tourism-related activities. Museum and tourism-related activities that will qualify for the tax revenue are specified as well as the method of collecting the tax. A procedure is established for the repeal of the tax (Section 82.850);

(12) Authorizes the City of Excelsior Springs to levy a tax of 30 cents on each \$100 of assessed valuation on taxable property for hospital, public health, or museum purposes in lieu of the current 20 cents (Section 94.070);

(13) Limits the City of St. Peters' hotel and motel license tax to \$1,000 a year, per hotel, beginning January 1, 2006, and allows up to a 5% increase in the hotel and motel license tax a year (Section 94.270);

DESCRIPTION (continued)

(14) Increases from .5% to 1%, a transportation sales tax that the City of St. Louis and St. Louis County may propose, by order or ordinance, upon voter approval (Section 94.660);

(15) Revises the definition of "city" to mean any incorporated city, town, or village in Missouri with a population of 100 or more (Section 94.700);

(16) Authorizes the cities of Canton, La Grange, and Edina to impose a transient guest tax, upon voter approval, on all hotels and motels within their city limits. This tax cannot exceed 5% per occupied room per night (Section 94.837);

(17) Authorizes the City of Lamar Heights to impose, upon voter approval, a room tax of not more than 6% per night and a local sales tax on food of not more than 2%. These taxes will be in addition to any other taxes authorized by law and used solely for capital improvements. This section contains an emergency clause (Section 94.838);

(18) Requires all amounts paid in excess of actual costs for an industrial development project in Franklin County to be disbursed to each affected taxing entity in proportion to the current ad valorem tax levy of each taxing entity, if the plan for the project is approved after May 15, 2005, and requires that information about junior college districts, in addition to school districts, counties, and cities, be included with a project plan for an industrial development project (Sections 100.050 and 100.059);

(19) Establishes the Homestead Exemption tax credit; prohibits a claimant from receiving the homestead exemption credit in a year following the year in which the claimant received the property tax credit; extends the homestead exemption credit to property owned in trust; and provides an exception to the disqualification for improvements made to property which exceed 5% of the prior year's appraised value for improvements made to accommodate a disabled person for applications filed after 2005. The homestead exemption limit for claims filed in 2005 and 2006 will be based on the increase in tax liability from 2004 to 2005. Currently, the homestead exemption is based on the increase to tax liability from the prior year. The bill moves this back an additional year. An eligible owner who otherwise satisfies the requirements for receiving a homestead exemption will not apply for the credit more than once during the period ranging from April 1, 2005, to September 30, 2006. If the collector of a county determines that an individual is ineligible prior to issuing the credit, the credit will be void and any corresponding moneys will lapse to the state to be credited to the General Revenue Fund. After 2005, the .25% distributed to the county assessment funds is terminated (Sections 135.010 and 137.106);

DESCRIPTION (continued)

(20) Limits the amount of revenue from admission fees for gaming boats that the City of St. Charles may collect after Fiscal Year 2008 to the percentage of revenue attributable to admission fees for Fiscal Year 2007 (Sections 137.073, 313.800, and 313.820);

(21) Exempts motor vehicles leased for a period of one year or more to a religious, educational, or charitable organization from state, county, and local taxation (Section 137.100);

(22) Removes the term "solely" from the requirement for nonprofit, social, service, and fraternal organizations to be exempt from sales tax (Section 144.030);

(23) Establishes a partial sales tax exemption for the sale of modular units. The manufacturer of modular units will be considered the contractor for use tax purposes, and the tax will be computed on the use tax rate where the modular unit is being placed (Section 144.044);

(24) Exempts machine or parts for machines used in a commercial, coin-operated amusement and vending business where sales tax is paid on the gross receipts derived from the use of the machines (Section 144.518);

(25) Establishes the African-American History Museum and Cultural Subdistrict under the metropolitan zoological park and museum district (Sections 184.352 and 184.353);

(26) Authorizes, upon voter approval, an increase in the property tax rate for certain history museum subdistricts (Section 184.357); and

(27) Authorizes Madison County to impose, upon voter approval, a sales tax for public recreational projects and programs (Section 1)

The bill contains an emergency clause for Section 94.838.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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Bill No. Truly Agreed to and Finally Passed SS for SCS for HCS for HB 186

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### SOURCES OF INFORMATION

Office of Attorney General

Office of Secretary of State

Department of Revenue - Taxation Division

Department of Economic Development

Department of Social Service

Office of State Treasurer

Office of Administration

Department of Public Safety

Office of State Courts Administrator

Office of Prosecution Services

Office of State Public Defender

Department of Corrections

Missouri Gaming Commission

City of Independence

City of St. Peters

City of Berkeley

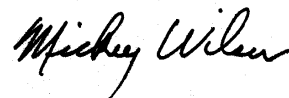
City of Columbia

Jasper County Commission

City of Springfield

City of St. Louis

Greene County Prosecuting Attorney



Mickey Wilson, CPA

Director

May 23, 2005